Will Globalization Bring Economic Prosperity to Continental Sub-Saharan Africa?

F. Phillip Peche
Political Science

Globalization signifies the triumph of capitalism over all other economic systems. Free market capitalists such as Jagdish Bhagwati believe that a world run by ‘market forces’ to be the bearer of development and prosperity for all. Open economies allow countries to benefit from comparative advantage, direct foreign investment and aid,[1] which facilitates the movement of the undeveloped world up the development ladder. However, 770 million of the approximate one billion people in extreme poverty live in sub-Saharan Africa.[2] Reasons for this are numerous and include: nature (disease, geography, and limited natural resources), colonial legacy, bad governance (specifically corruption and instability), tribal/ethnic/religious conflicts, and economics (IMF “structural adjustment” or fiscal austerity and lack of financial norms and investment in domestic capital).[3]

Among economists and political scientists there are two competing theories regarding continental sub-Saharan Africa’s inability to benefit from globalization. Jeffrey Sachs, Paul Collier and George Ayittey champion a “holistic” theory, which argues that the combination of the factors listed above trap sub-Saharan Africa in poverty, thereby preventing these countries from developing and benefiting from globalization. Several other economists and Africanists, notably William Easterly, propose that “bad governance” is the root cause of poverty in sub-Saharan Africa, and bad governance can be fixed (so development is possible through globalization).[4] An alternative explanation is that tribal/ethnic/religious

---

[1] Cletus Coughlin, K. Alec Chrystal & Geoffrey Wood, “Protectionist Trade Policies: A Survey of Theory, Evidence, and Rationale,” International Political Economy: Perspectives on Global Power and Wealth (New York, NY: St. Martin’s Press), 18-21.
[2] World Bank, *World Development Indicators*, Washington, D.C.: World Bank, 2007.
[3] See Paul Collier, The Bottom Billion: Why the Poorest Countries Are Failing and What Can Be Done About It (New York, NY: Oxford UP), 17-64. For further analysis see Jeffrey Sachs, The End of Poverty: Economic Possibilities of Our Time (New York, NY: The Penguin Press), 188-209 & Paul Farmer, Infections and Inequalities: The Modern Plagues (Berkeley, CA: University of California Press), 262-282.
[4] William Easterly, The White Man’s Burden: Why the West’s Efforts to Aid the Rest Have Done So Much Ill and So Little Good (New York, NY: The Penguin Press), 44-98. For further analysis emphasizing post colonialism and indigenous institutions see George Ayittey, Indigenous African Institutions (New York, NY: Transnational Publishers), 415-474 & 478-501.

hatred within these countries has led to war, genocide and instability, and this factor eliminates any possible path to economic prosperity. What is evident is that there are 39 countries in continental sub-Saharan Africa, and each country's challenges are unique. Therefore, it is unlikely that any generalized theory will fully represent the complete situation for each and every country. This paper will attempt to resolve if present day continental sub-Saharan Africa is able to achieve development through the economic forces of globalization. The scope is limited specifically to continental sub-Saharan Africa because economic dynamics of island countries are divergent from those of continental countries. The methodology used is both qualitative and quantitative. The qualitative analysis applies the competing and alternative theories to two specific case study countries (Botswana – middle income[5] and Central African Republic – low income)[6] and the eleven middle income countries. The quantitative metric used to determine if a specific country is benefiting from globalization is if it has achieved the World Bank's 2006 middle income status.[7] The specific measurement is the macroeconomic indicator of GNI per capita, Atlas method (US dollars). This methodology proves that the most important determinates regarding economic development through globalization are a country's ability to transition to a stable form of government shortly after independence and its capacity to export its natural resources.

This paper is divided into four parts. Part one briefly presents the benefits of globalization. Part two outlines the theories for why it is or is not working in continental sub-Saharan Africa, specifically elaborating on the "bad governance" explanation posited by Easterly and the "poverty trap" argument posed by Sachs et al; this section applies these theories to Central African Republic and Botswana. Central African Republic, a former Francophone colony, is an example of the average land-locked failing African state, which is characterized by chronic political and economic corruption, natural resource deficiencies, rampant diseases, and it does not appear to be benefiting from globalization (pro "poverty trap" example). Botswana, a former Anglophone colony, is an example of a land-locked sub-Saharan African country that established good governance immediately after independence, reinvested and diversified domestically after the discovery of diamonds, and it is benefiting from globalization (most cited pro "bad governance" example). Part three quantitatively and qualitatively applies the methodology to both the case studies and the middle income sub-Saharan African Countries. Part four is an analysis and conclusion of the arguments and case studies, proposed

[5] World Bank. *GNI per Capita, Atlas method and PPP*, Washington, D.C.: World Bank, 2007.
[6] Ibid.
[7] World Bank. *List of Economies*, Washington, D.C.: World Bank, 2007.

development solutions for continental sub-Saharan Africa and suggestions for further study.

Global Capitalism Is the Answer

Essentially the argument is that market forces (specifically supply and demand and comparative advantage), private direct foreign investment and government foreign aid (i.e. the tools of global capitalization) will lead to economic development. Most economists agree that countries did not move beyond subsistence until the Industrial Revolution. In the last 200 years market forces have led to a historically unprecedented level of human technological development. However, most of the development has been achieved exclusively by the countries that took part in the Industrial Revolution. Hence, these countries are coined "developed countries".[8] It follows that comparative advantage coupled with an open world market would also allow less developed countries to find a niche in the global marketplace.[9] For example, as technology has advanced in the developed world so too has workers' skill levels. A rise in skill level leads to a rise in wages. In the developing world, worker wages are lower as are costs to produce less technologically advanced goods. If a developing country moves beyond the point of subsistence and exports, then their products would arguably be cheaper than identical products produced in the developed world. Competition in a developing market will lead to technological innovation just as it did in the developed world in order to satisfy domestic consumer demands and international demands for cheaper goods. An increase in a country's domestic profits will facilitate increased investment in human capital (making its citizens more skilled).[10] In this way developing countries will move up the development ladder. Furthermore, since finances have become more liberalized transnational banks lend more money to businesses in developing countries. In other words, the developing world will not be hindered by the limits of their own financial institutions.[11]

The pro-globalization argument extends to actions in the political sphere. For example, to invest in a developing country, one wants to know that the country will not collapse. If it were to collapse, then most likely businesses and sources of profit would collapse too. In fact what is most important to direct foreign

---

[8] See Sachs, 26-50. For relation to the period of modern globalization see Thomas Friedman, The World is Flat (New York, NY: Farrar, Straus & Giroux), 261-270.
[9] Coughlin et al., 18-21.
[10] Jagdish Bhagwati, In Defense of Globalization (New York, NY: Oxford UP), 213-216.
[11] Joseph Stiglitz, Globalization and Its Discontents (New York, NY: W. W. Norton & Company), 59-78.

investment is transparency, lack of inflation and responsible fiscal policy.[12] A stable country will likely meet these requirements, but a country on the brink of civil war surely will not. Along these lines, it is in the economic interests of developed countries to both help protect the investments of their citizens and open new markets. One means for developed countries to do this is to provide aid to developing countries. Aid to these countries would stimulate development and hopefully provide stability so that private investment would pour in.[13] In sum, the economic forces of globalization (i.e. market forces, private direct foreign investment and government foreign aid) will lead to development in emerging countries.

Globalization in Continental Sub-Saharan Africa

Scholars arguing that globalization is or is not leading to economic development in continental sub-Saharan Africa specifically point to the importance of non-economic factors.[14] The following explanations illustrate the competing answers to this dilemma.

Bad Governance

Diagram 1 – Bad Governance

Bad governance $\Rightarrow$ Failing State

and ipso facto

Good governance $\Rightarrow$ Developing State

"Bad governance" proponents argue that bad governments create instability, which is unattractive to foreign investment, steal instead of re-invest in their countries, which negates both the potential of foreign aid and discoveries of single-source natural resources, and do little to build infrastructure and educate their people. The "bad governance" theory does not specifically account for either colonial legacy or domestic factors endemic to sub-Saharan African countries (i.e. geopolitical/geo-economical considerations and disease). The "good governance"

[12] Laura Mosley, "Room to Move: International Financial Markets and National Welfare States," International Organization (Cambridge, MA: MIT UP), 766-767.
[13] Alberto Alesina & David Dollar. "Who Gives Foreign Aid to Whom and Why?," Journal of Economic Growth (Netherlands: Kluwer Academic Publishers), 33-35.
[14] See Collier 17-64. For further details see Sachs, 56-64.

corollary states if a country develops a “good government”, then the forces of globalization will lead to economic development. However, the “good governance” corollary does not account for “timing”. Over three-forth’s of the sub-Saharan African countries have endured at least one civil war or military coup[15] (i.e. over 75% of sub-Saharan African currently have or have had bad governance), and considering the volatile nature of military coups, it is highly probable that good governments have a limited time window to produce development before they are ousted by another government.

Botswana is an example which *appears* to support the “good governance” corollary. At the time of independence, Botswana chose a parliamentary democracy based on a multi-party system.[16] Additionally, Botswana retained its major indigenous political process of “kgotlas” (chiefs and councilors meet “under a tree” to reach a consensus on important decisions).[17] As a result, it has enjoyed political stability, and democracy has fostered freedom of expression and the peaceful coexistence of a multi-ethnic society.[18] This is in spite of the fact that at independence 75 percent of the country was desert, and most of its citizens were illiterate.[19] Its neighbors, South Africa, Namibia and Rhodesia, were less than supportive of a “black” independent country in the white controlled region of South Africa. Despite these factors Botswana’s GDP growth rate from 1966-present has averaged between 6.5 – 8%, which is one of the highest growth rates in the world.[20] In 1967 De Beers discovered diamonds in Botswana, and the first mine was opened in 1971.[21] Unlike several other African countries (ex: Nigeria and Democratic Republic of the Congo), the discovery of a single-source natural resource did not lead to government corruption in Botswana. Instead the government used export earnings to both develop its cattle and meat processing market and industrialize (58% of the population lives in urban centers vice 36% in the rest of sub-Saharan Africa).[22] While Botswana *appears* to support the “bad governance” theory this may not entirely be the case. Would Botswana have prospered if it had “bad governance” when it discovered diamonds? It is entirely possible that a corrupt leader would have pocketed the riches from the diamond yields and not invested in the country. Botswana is the most commonly cited

---

[15] Collier, 17-37.
[16] Ayittey, 481.
[17] Ayittey, 483.
[18] See Ayittey, 478-483. For further amplification see Easterly, 28.
[19] Ibid.
[20] See World Bank, *Botswana at a Glance*, Washington, D.C.: World Bank, 2007. For 1966-1986 see Ayittey, 480.
[21] Ayittey, 481.
[22] World Bank, *Botswana at a Glance*, Washington, D.C.: World Bank, 2007.

continental sub-Saharan African success story by the "bad governance" theorists, but timing and early good governance definitely were crucial factors is its development. Therefore, it may not necessarily be the case that the good governance corollary applies to a country with a long history of bad governance.

The "Poverty Trap"
Diagram 2—Poverty Trap

Colonial legacy / geographic limitations
Early chronic bad governance (conflict & embezzlement of aid/loans/resources)
Diseases

Poverty Trap

"Poverty trap" scholars argue that the cumulative effects of colonial legacy, geographic limitations, early and chronic bad governance, and crippling diseases left continental sub-Saharan African countries in a predisposed condition which will not allow them to benefit from the forces of economic globalization. Early and chronic bad governance has resulted in conflict and corruption, which has negated the positive forces of development aid, loans and the trade of lucrative natural resources such as oil and diamonds.[23] European "colonial legacy" and the resultant geographic limitations it imposed on newly independent African countries prevented these countries from developing through globalization. Lastly, diseases, such as malaria, HIV/AIDS, and waterborne pathogens have decimated the African population and work force.[24]

Early and Chronic Bad Governance

The "bad governance" aspect of the poverty trap argument is similar to that posed by Easterly. It varies in that good governance generally cannot overcome the cumulative effects of decades of bad governance. Central African Republic represents the prototypical example of this phenomenon. This country's first leader, David Dacko proved to be weak and corrupt, and he was removed through a coup on January 1, 1966.[25] This coup propelled Colonel Bokassa to power; in turn he rescinded the constitution, dissolved the national assembly, and placed all legislative and executive powers in the hands of the President.[26] He then declared

---

[23] Collier, 17-37.
[24] Sachs. 189-205.
[25] Samuel Decalo, Psychoses of Power (Boulder, CO: Westview Press), 140-144.
[26] See United States Department of State, *Profile of the Central African Republic*, Washington, D.C.: U.S. Department of State, 2007, 1-4. For an in depth post-colonial history see Central Intelligence Agency, *The World Factbook – Central African Republic*, Washington, D.C.:

himself Emperor Bokassa I — Bokassa represented the archetypical African dictator.[27] In 1979 Docko led a successful military coup and unseated Bokassa, but he was overthrown in 1981.[28] In 1986 it appeared that CAR was on a path towards democracy. Its new leader, President Kolingba, spearheaded the drafting of a new constitution emphasizing the creation of a multi-party system; however, his inability to improve the dire economic situation in the country led to his ouster in 1993.[29] His successor, Preseident Patasse was also unable to change the country's abysmal economic situation, and in 2003 general Bozzie led a successful coup to seize power.[30] General Bozzie declared himself president, suspended the constitution and dissolved the national assembly.[31] If history holds true to form, then he has a limited time window to produce economic results before he is overthrown. In CAR periods of potential good governance have not overcome the cumulative effects of chronic bad governance.

Colonial Legacy

The specific factor to determine is if European colonization contributed to a lack of economic development in sub-Saharan Africa. Germany, Belgium, Spain, France, Britain, Italy and Portugal colonized portions of Africa. Britain and France were the primary colonial forces; their reach extended to 38 of the 48 modern continental countries, and thus their influences require close analysis. The British treated their African colonies as separately entities, whereas the French considered their colonies collective "providences".[32] The British adopted a political strategy of "indirect rule" in which they allowed indigenous chiefs and kings to govern.[33] The French adopted a policy of "association", which was a strategy to neutralize indigenous rulers and inculcate French values.[34] If "indirect rule" provided a more stable situation for newly independent countries than French "association" did, then colonial legacy impacted early governance in African countries.

Central Intelligence Agency, 2007, 1-11. For discussion of French colonial Africa see Ayittey, 392-394.

[27] Decalo, 145-172.

[28] United States Department of State, *Profile of the Central African Republic*, Washington, D.C.: U.S. Department of State, 2007, 1-4.

[29] Ibid.

[30] Ibid.

[31] Ibid.

[32] Ayittey, 390-391.

[33] Ayittey, 390-396.

[34] Ibid.

The Anglophone/Francophone colonial legacy link to early good governance is not distinguishable in all sub-Saharan African colonies, but it is evident in the two case study countries. The Central African Republic, or the former francophone colony of Oubangui-Chari, was part of French Equatorial Africa (AEF), which included present day Chad, Congo and Gabon.[35] The most lucrative Francophone holdings were in French West Africa (AOF), which was where France sent most of its experienced government officials.[36] Due to manpower limitations AEF colonies were governed by the dregs of the French African governing bureaucracy.[37] To make matters worse, the French adopted a concessionary system modeled after Leopold's Belgian Free Congo, which required its colonies to become self-sufficient.[38] The combination of these decisions devastated AEF colonies as both companies and government officials brutalized the indigenous peoples, forced them to produce rubber, the primary cash yielding product of that region, and overly taxed and/or killed them if they did not produce enough of it.[39] Also, the French conception of decolonization was not geared toward independence. Instead its goal was ideally to assimilate its African colonies into an empire, or its worst-case scenario was that these colonies would become dependant "client-states".[40] As colonial independence became inevitable, the French decided that, "domination of the overseas possessions was made easier by splitting them up into many weak and financially dependant countries."[41] Even in spite of the desires of the French appointed African leaders of the four AEF colonies to form one federal central African country, France granted independence individually to all of its AEF and AOF colonies.[42] As a result, when Central African Republic gained its independence in 1966, its landlocked and resource scarce boundaries left it in a virtually helpless economic position.

Botswana, on the other hand, was a British colony situation north of South Africa. It benefited from "indirect rule" until is gained its independence in 1966. The British allowed indigenous tribal leaders to directly govern the colony with very minimal supervision, and at independence its "African" government was

---

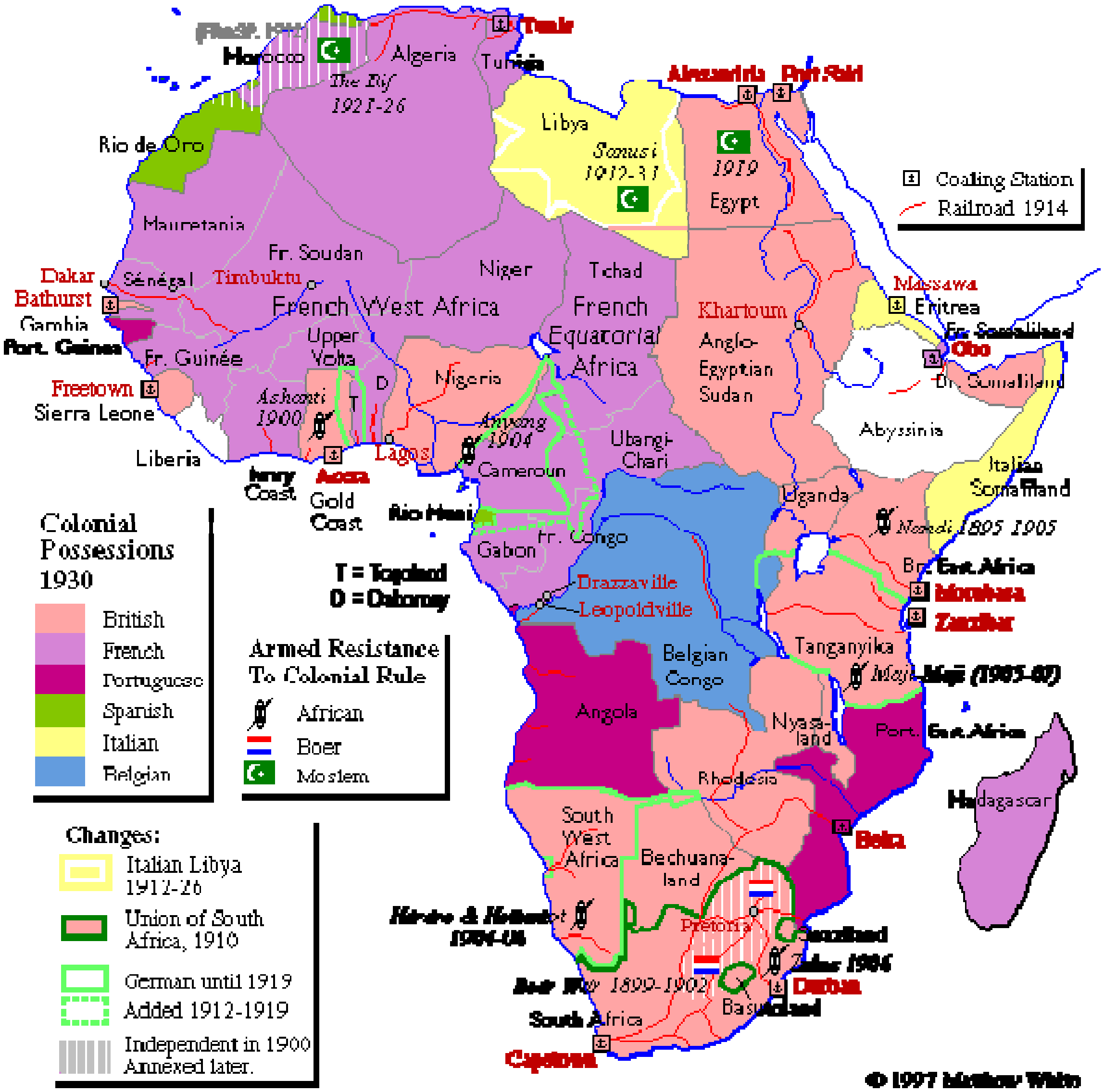
[35] Anton Andereggen, France's Relationship with Subsaharan Africa (Westport, CT: Greewood Publishing Group, Inc.), 16-17.
[36] Anderggen, 1-9.
[37] Decalo, 133-134.
[38] See Anderggen, 1-9. For further analysis see Patrick Manning, Francophone Sub-Saharan Africa 1880-1995 (Cambridge, UK: Cambridge UP), 19-22.
[39] Decalo, 133-137.
[40] See Anderggen, 33-40.
[41] See Anderggen, 45.
[42] See Anderggen, 57-67.

essentially in place. Arguably, Britain did not design its African colonies to be dependant "client-states", and therefore Anglophone colonies were better postured to succeed after their independence than Francophone colonies were.

Geography (indirect colonial legacy argument)

Figures 1 and 2 visually present African geopolitics and geo-economics within a colonial legacy context.

Figure 1 – 1914 Colonial Africa



Source: http://users.erols.com/mwhite28/afri1914.htm

Figure 2 – Present Day Africa

Source: www.nationsonline.org/maps/africa_small_map.jpg

Figure 1 outlines the European colonies, which all have access to sea ports and are large enough to encompass diverse resources. Figure 2 displays the states as they exist today; of note, fifteen sub-Saharan African states are landlocked. More so than any other reason, being “landlocked with poor neighbors” is exclusively an

African problem. To interact in the global economy, a country must be able to export. To grow economically, land-locked countries either need to trade with neighbors or have access to regional infrastructure to transport goods to ports in order to trade globally.

The Central African Republic is a landlocked country bordered by Cameroon, Chad, Sudan, Democratic Republic of the Congo (DRC) and Republic of the Congo (Congo). Of its neighbors, only Cameroon is a coastal country. Cameroon and Congo have recently emerged as middle income countries but Chad, DRC and Sudan are three of the lowest income countries in the world.[43] Moreover, Cameroon, Chad, and DRC are rated by the UN as low human development countries (measure considers human rights, political and economic freedom and laws).[44] The Oubangui River flows along CAR's southern border, and it is a tributary of the Congo River, which flows into the Atlantic Ocean through DRC and Congo. Use of the Oubangui River for trade has been restricted due to 30 years of political and civil instability in the DRC.[45] The Central African Republic is a poor landlocked country surrounded by poor neighbors. Regional trade is limited, and poor regional infrastructure restricts global trade—it is geographically trapped.

Botswana *appears* to be an exception to the geography trap rule, *but* two of its neighbors, South Africa and Namibia, have been middle income states countries since Botswana's independence.[46] In addition, Namibia, South Africa and Zimbabwe (its other neighbor) rank as medium human development countries on the UN human development index.[47] Botswana *has* been able to export its goods globally through developed South African infrastructure (approximately 83% of its exports travel through South Africa).[48] Geography, while posing difficulties, has not prevented Botswana from developing, but it *has not* been surrounded by poor countries, so it does not disprove the geography aspect of "poverty trap" theory.

Disease

Paul Farmer argues that diseases have a much greater effect on the poor than the affluent.[49] People in the developed world have access to drugs which can

---

[43] World Bank. *GNI per Capita, Atlas method and PPP*, Washington, D.C.: World Bank, 2007.
[44] United Nations, *Human Development Report 2005*, 363-365.
[45] Manning, 20-21.
[46] World Bank. *South Africa Data Profile*. Updated April 2007. & World Bank. *Namibia Data Profile*. Updated April 2007.
[47] United Nations, *Human Development Report 2005*, 363.
[48] Ayittey, 478-483.
[49] Farmer, 282.

negate the effects of most of the world's diseases. This is generally not the case for people in the developing world. Africa is home to the world's most deadly form of malaria, percentage estimates of HIV/AIDS exceed 20% of the adult population in several countries, and contaminated water sources lead to a significant amount of parasite-borne illnesses.[50] In Africa, diseases have three effects. First, they incapacitate the workforce. With insufficient workers, it is difficult to produce goods and take advantage of growth opportunities. Second, diseases kill parents. The AIDS pandemic has produced a generation of "AIDS" orphans. Third, chronic diseases directly prevent children from attending school. Building a skilled workforce requires education. If children are too sick to attend school, then achieving long-term economic development is problematic. Diseases do not plague developed nations, but they cripple poor nations.

How has Botswana handled the disease trap? The World Health Organization estimates that up to 32% of the adult population of Botswana is HIV positive.[51] This is the second highest HIV/AIDS rate in the world. However, at its independence in 1966, it was in the high risk malaria region of Africa, but by 1994 it had become a low risk malaria country.[52] Additionally, 95% of the population has access to an improved water source and child malnutrition is 13% (much better than the sub-Saharan African average of 56% and 30% respectively).[53] While it has not avoided the HIV/AIDS pandemic, it has controlled diseases caused by malaria and water-borne parasites. Expect that Botswana will continue to use the fruits of its economic development to treat and prevent HIV/AIDS as it did with Malaria.

In contrast, Central African Republic has not overcome the disease trap. The US State Department classifies the risk and prevalence of malaria and waterborne diseases in Central African Republic as "very high".[54] Situated equatorially and blanketed by a tropical climate, CAR is home to some of the deadliest strains of malaria in Africa.[55] Furthermore, limited access to improved water sources results in a populace weakened by waterborne diseases.[56] To make matters worse, HIV/AIDS is migrating north from southern Africa, and estimates for infected

[50] Sachs, 199-204.
[51] World Health Organization, *Botswana HIV/AIDS Estimates 2005*, Geneva, Switzerland: World Health Organization, 2007.
[52] Sachs, Map 10.
[53] World Bank, *Botswana at a Glance*, Washington, D.C.: World Bank, 2007.
[54] Central Intelligence Agency, *The World Factbook – Central African Republic*, 4.
[55] Sachs, 189-205.
[56] World Bank. *Central African Republic at a Glance*. Updated 28 September 2007.

adults in CAR range from 10.7-17.2% of the population.[57] Consequentially, Life expectancy is 39 years and infant mortality is 115 per 1000 live births (as compared to 96 for all of sub-Saharan Africa).[58] By and large, CAR has not been able to overcome the disease trap.

In review, the poverty trap advocates conclude that the cumulative effects of colonial legacy and geographic limitations, early and chronic bad governance, and crippling diseases prevent continental sub-Saharan African countries from benefiting through globalization. Might it be the case that tribal/ethnic/religious hatred within African countries has led to war, genocide and instability, and this factor is really what eliminates paths to economic prosperity? In the last 20 years conflicts and genocide in Sudan, Rwanda, Uganda, DRC and Chad have garnered world media attention, but the reality of the matter is these events, while tragic, are isolated incidents. Economic development in these countries and spillover into neighboring countries most certainly was impacted, but these specific cases do not apply to the vast majority of African countries which have not endured genocide. Therefore, this alternative explanation is specific rather than generally applicable to continental sub-Saharan Africa.

An alternative method for measuring the two theories

The following tables highlight specific data necessary to analyze the validity of these theories. The categories listed are 2006 GNI per capita (Atlas method), geography (land locked/coastal), government (history of stability or instability and corruption), colonial legacy (primary colonizer), date of independence and primary export. GNI per capita (Atlas method) and not GNP/GDP per cent growth is used to measure positive or negative globalization for three reasons. First, 2006 World Bank middle income status reflected by GNI per capita indicates a sustained level of economic growth over time, whereas GNP/GDP % growth is easily skewed by the time interval examined. Second, GNI per capita accounts for country population, whereas GNP/GDP per cent growth does not. Last, 2006 GNI per capita is the most current and accurate statistical measurement available. In terms of GNI per capita, 28 of the 39 continental sub-Saharan African countries fall into the low income aggregate ($905 or less),[59] and the remaining eleven countries are in the middle income aggregate ($906-11,115).[60] Table one displays Botswana and

---

[57] World Health Organization, *Central African Republic HIV/AIDS Estimates 2005*. Geneva, Switzerland: World Health Organization, 2007.
[58] World Bank, Central African Republic *at a Glance*, Washington, D.C.: World Bank, 2007.
[59] World Bank. *GNI per Capita, Atlas method and PPP*, Washington, D.C.: World Bank, 2007.
[60] Ibid.

its neighbors, Table two displays Central African Republic its neighbors and Table three displays the eleven countries in the middle income aggregate.

Table 1 – Botswana & Its Neighbors [61]

Country	GNI per capita	Geography	Gov't	Colonial Legacy	Independ ence	Primary Export
Botswana	5,900 (middle)	landlocked	stable	British	1966	diamonds & value added services
South Africa	5,390 (middle)	coastal	stable	British	1910	value added services
Namibia	3,230 (middle)	coastal	stable	German / S. African	1990 (from S. Africa)	diamonds & uranium
Zimbabwe	340 (low)	landlocked	stable & corrupt	British	1980	value added agricultural services

[61] See World Bank. *GNI per Capita, Atlas method and PPP*, Washington, D.C.: World Bank, 2007. For geography, government, colonial legacy, independence and primary export see Central Intelligence Agency. *The World Factbook – Botswana, South Africa, Namibia and Zimbabwe &* World Bank. , *Botswana South Africa, Namibia and Zimbabwe Data Profiles*. Updated April 2007.

Table 2 – Central African Republic & Its Neighbors [62]

Country	**GNI per capita**	**Geography**	**Government**	**Colonial Legacy**	**Independence**	**Primary Export**
Central African Republic	360 (low)	landlocked	instable & corrupt	French	1960	agriculture
Cameroon	1,080 (middle)	coastal	stable	British & French	1960	oil
Congo, Rep	950 (middle)	coastal	instable	French	1960	oil & value added support services
Sudan	810 (low)	landlocked	instable & corrupt	British	1956	oil & agriculture
Chad	480 (low)	landlocked	instable & corrupt	French	1960	oil
Democratic Republic of the Congo	130 (low)	coastal (37 km only)	instable & corrupt	Belgian	1960	agriculture

[62] See World Bank. *GNI per Capita, Atlas method and PPP*, Washington, D.C.: World Bank, 2007. For geography, government, colonial legacy, independence and primary export see Central Intelligence Agency. *The World Factbook –Central African Republic, Republic of the Congo, Democratic Republic of the Congo, Chad, Cameroon, Sudan* . & World Bank. , *Central African Republic*, *Republic of the Congo, Democratic Republic of the Congo, Chad, Cameroon, Sudan Data Profiles*. Updated April 2007.

Table 3 – Middle Income Aggregate Countries [63]

Country	GNI per capita	Geography	Government	Colonial Legacy	Independence	Primary Export
Equatorial Guinea	8,250	coastal	stable	Spanish	1968	oil
Botswana	5,900	landlocked	stable	British	1966	diamonds & value added services
South Africa	5,390	coastal	stable	British	1910	value added services
Gabon	5,000	coastal	stable	French	1960	oil
Namibia	3,230	coastal	stable	German / S. African	1990 (from S. Africa)	diamonds & uranium
Swaziland	2,430	landlocked	stable	British	1968	manufacturing
Angola	1,980	coastal	instable	Portuguese	1975	oil
Cameroon	1,080	coastal	stable	British & French	1960	oil
Djibouti	1,060	coastal	stable	Arab / French	1977	trade services
Lesotho	1,030	landlocked	stable	British	1966	value added industry & services
Congo, Rep	950	coastal	instable	French	1960	Oil & value added support services

[63] See World Bank. *GNI per Capita, Atlas method and PPP*, Washington, D.C.: World Bank, 2007. For geography, government, colonial legacy, independence and primary export see Central Intelligence Agency. *The World Factbook – Botswana, South Africa, Namibia, Swaziland, Lesotho, Republic of the Congo, Gabon, Djibouti, Equatorial Guinea, Angola, Cameroon* & World Bank. , *Botswana South Africa, Namibia Swaziland, Lesotho, Republic of the Congo, Gabon, Djibouti, Equatorial Guinea, Angola, Cameroon, Data Profiles*. Updated April 2007.

Analysis

Tables one and two yield little new evidence that the case studies did not, but analysis of the eleven middle income countries introduces new possibilities. First, Botswana is not the only landlocked country to reach middle income status. However, Lesotho and Swaziland are enveloped by South Africa. Both of these emerging countries have limited natural resources and rudimentary economic diversification, but they benefit immensely from favorable trade relationships with South Africa and subsequent worker remittances.[64] Second, add Namibia and Botswana to Swaziland and Lesotho and it appears that "*being neighbors with South Africa*", the continent's most diversified economy, is a legitimate path to benefiting from globalization. Third, Angola and Congo are intriguing examples. Both countries have endured instable governing regimes, civil wars and repressive colonial influences,[65] and yet both have recently achieved middle income status. Their elevation in status might also be attributed to soaring oil prices and an unscrupulous Chinese oil investment strategy in Africa, but if they continue on their current upward trend neither the bad governance nor the poverty trap theories account for their successes. Forth, Djibouti appears to be an anomaly. Excepting Lesotho and Swaziland it is the only other middle income country to achieve its status without the benefit of plush oil reserves or diamond mines. Djibouti has the distinction of strategic location—it is located on the horn of Africa, and it is a major trading port for goods and oil entering and leaving the Red Sea. Additionally, since "9/11" it has actively supported the US led Global War on Terrorism; US military units are stationed and train within its borders. Lastly, the most significant and replicated development indicators among the middle income countries are stable government and lucrative natural resources (oil and diamonds).

Conclusion

This paper has attempted to resolve whether globalization will bring development to continental sub-Saharan Africa. This region poses a difficult challenge for global capitalism. The combination of incipient and chronic bad governance since independence, near universal poverty and lack of development, geographical limitations imposed on countries by extant borders and colonial legacies, and pandemic diseases render most countries both too corrupt to fix their problems with aid and too unstable to attract substantial direct foreign investment.

[64] *The World Factbook – Swaziland and Lesotho.*
[65] *The World Factbook – Angola and Republic of the Congo*.

It may indeed be the case that bad governance is the root cause of the problem, but the cumulative effects of 40-50 years of corruption, civil war and coups have potentially "trapped" over 70% of continental sub-Saharan African countries in the World Bank low income aggregate.[66] Governance changes will lay the foundation, but new governments have a limited time table to affect positive economic change before being displaced. A globalist's prediction would be that politically stable port countries which receive development aid and foreign investment will climb the ladder of development. This in turn will provide stable landlocked countries "good" neighbors with whom to trade (actualizing a means for landlocked countries to climb the development ladder too). Several developed countries, including the United States, seem to have drawn this conclusion. The US established the Millennium Challenge Corporation (MCC),[67] which measures a country's level of good governance and provides aid based on qualifying conditions. The success rate of MCC countries over time is probably the best assessment of the good governance corollary.

Solutions to "fix" sub-Saharan Africa range from top-down "big push/shock therapy" aid strategies designed to jump start failing economies,[68] to policies combining aid, preferential agricultural trade agreements between Africa and the West and international military intervention to create African stability,[69] and "bottom up" approaches focused on asset accumulation and African produced solutions to problems.[70] As Easterly states, "The dynamism of the poor at the bottom has much more potential than the plans at the top."[71] Presently it is uncertain whether globalization will develop Africa. If the plight of the Central African Republic is an example of what not to do, and Botswana is an example of what to do, then success will be achieved when African countries both combine indigenous institutions, customs and traditions with stable governance and harness the powerful forces of globalization to forge their own unique paths towards development.

---

[66] World Bank. *GNI per Capita, Atlas method and PPP*, Washington, D.C.: World Bank, 2007.
[67] Collier, 110.
[68] Sachs, 211-302.
[69] Collier, 99-192.
[70] See Caroline Moser, Reducing Global Poverty: The Case for Asset Accumulation (Washington D.C., Brookings Institute Press), 83-100 & 137-147. For further analysis see: Christopher Barrett, Michael Carter, & Peter Little, "Understanding and Reducing Persistent Poverty in Africa: Introduction to a Special Issue". Journal of Development Studies. Vol. 42, No. 2 (Feb. 2006): 167-177. Michael Carter & Christopher Barrett, "The Economics of Poverty Traps and Persistent Poverty: An Asset-Based Approach". Journal of Development Studies. Vol. 42, No. 2 (Feb. 2006): 178-199. Easterly, 368-382.
[71] Easterly, 108.

Bibliography

Alesina, Alberto & Dollar, David. "Who Gives Foreign Aid to Whom and Why?". Journal of Economic Growth. Vol. 5, (Mar. 2000): 33-63.

Andereggen, Anton. France's Relationship with Subsaharan Africa. Westport: Greewood Publishing Group, Inc., 1994.

Ayittey, George. Indigenous African Institutions. New York: Transnational Publishers, 1991.

Barrett, C., Carter, M. & Little, P. "Understanding and Reducing Persistent Poverty in Africa: Introduction to a Special Issue". Journal of Development Studies. Vol. 42, No. 2 (Feb. 2006): 167-177.

Bhagwati, Jagdish. In Defense of Globalization. New York: Oxford UP, 2004.

Carter, M. & Barrett, C. "The Economics of Poverty Traps and Persistent Poverty: An Asset-Based Approach". Journal of Development Studies. Vol. 42, No. 2 (Feb. 2006): 178-199.

Central Intelligence Agency. *The World Factbook – Angola*. Updated 13 December 2007. < https://www.cia.gov/library/publications/the-world-factbook/print/ao.html >. Cited: 16 December 2007.

Central Intelligence Agency. *The World Factbook – Botswana*. Updated 13 December 2007. < https://www.cia.gov/library/publications/the-world-factbook/print/bc.html >. Cited: 16 December 2007.

Central Intelligence Agency. *The World Factbook – Cameroon*. Updated 13 December 2007. < https://www.cia.gov/library/publications/the-world-factbook/print/cm.html >. Cited: 16 December 2007.

Central Intelligence Agency. *The World Factbook – Central African Republic*. Updated 13 December 2007. < https://www.cia.gov/library/publications/the-world-factbook/print/ct.html >. Cited: 16 December 2007.

Central Intelligence Agency. *The World Factbook – Chad*. Updated 13 December 2007. < https://www.cia.gov/library/publications/the-world-factbook/print/cd.html >. Cited: 16 December 2007.

Central Intelligence Agency. *The World Factbook – Congo, Democratic Republic of the*. Updated 13 December 2007. <https://www.cia.gov/library/publications/the-world- factbook/print/cg.html >. Cited: 16 December 2007.

Central Intelligence Agency. *The World Factbook – Congo, Republic of the*. Updated 13 December 2007. < https://www.cia.gov/library/publications/the-world-factbook/print/cf.html >. Cited: 16 December 2007.

Central Intelligence Agency. *The World Factbook – Djibouti*. Updated 13 December 2007. < https://www.cia.gov/library/publications/the-world-factbook/print/dj.html >. Cited: 16 December 2007.

Central Intelligence Agency. *The World Factbook – Equatorial Guinea*. Updated 13 December 2007. < https://www.cia.gov/library/publications/the-world-factbook/print/ek.html >. Cited: 16 December 2007.

Central Intelligence Agency. *The World Factbook – Gabon*. Updated 13 December 2007. < https://www.cia.gov/library/publications/the-world-factbook/print/gb.html >. Cited: 16 December 2007.

Central Intelligence Agency. *The World Factbook – Lesotho*. Updated 13 December 2007. < https://www.cia.gov/library/publications/the-world-factbook/print/lt.html >. Cited: 16 December 2007.

Central Intelligence Agency. *The World Factbook – Namibia*. Updated 13 December 2007. < https://www.cia.gov/library/publications/the-world-factbook/print/wa.html >. Cited: 16 December 2007.

Central Intelligence Agency. *The World Factbook – South Africa*. Updated 13 December 2007. < https://www.cia.gov/library/publications/the-world-factbook/print/sf.html >. Cited: 16 December 2007.

Central Intelligence Agency. *The World Factbook – Sudan*. Updated 13 December 2007. < https://www.cia.gov/library/publications/the-world-factbook/print/su.html>. Cited: 16 December 2007.

Central Intelligence Agency. *The World Factbook – Swaziland*. Updated 13 December 2007. < https://www.cia.gov/library/publications/the-world-factbook/print/wz.html >. Cited: 16 December 2007.

Central Intelligence Agency. *The World Factbook – Zimbabwe*. Updated 13 December 2007. < https://www.cia.gov/library/publications/the-world-factbook/print/dj.html >. Cited: 16 December 2007.

Collier, Paul. The Bottom Billion: Why the Poorest Countries Are Failing and What Can Be Done About It. New York: Oxford UP, 2007.

Coughlin, Chrystal & Wood. "Protectionist Trade Policies: A Survey of Theory, Evidence, and Rationale". In International Political Economy: Perspectives on Global Power and Wealth. New York: St. Martin's Press. 19-33. Decalo, Samuel. Psychoses of Power. Boulder: Westview Press, 1989.

Easterly, William. The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good. New York: The Penguin Press, 2006.

Farmer, Paul. Infections and Inequalities: The Modern Plagues. Berkeley: University of California Press, 1999.

Friedman, Thomas. The World is Flat: A Brief History of the Twenty-First Century Release 2.0. New York: Farrar, Straus & Giroux, 2006.

Manning, Patrick. Francophone Sub-Saharan Africa 1880-1995. Cambridge: Cambridge UP, 1988.

Moser, Caroline. Reducing Global Poverty: The Case for Asset Accumulation. Washington D.C., Brookings Institute Press, 2007.

Mosley, Laura. "Room to Move: International Financial Markets and National Welfare States". International Organization. Vol. 54, No. 4 (Autumn 2000): 737-773.

Sachs, Jeffrey. The End of Poverty: Economic Possibilities of Our Time. New York: The Penguin Press, 2005.

Stiglitz, Joseph. Globalization and Its Discontents. New York: W. W. Norton & Company, 2003.

United Nations. *Human Development Report 2005*. New York: United Nations, 2005.

United States Department of State. *Profile of the Central African Republic*. Updated June 2007. < http://www.state.gov/r/pa/ei/bgn/4007.htm>. Cited: 24 November 2007.

World Bank. *Angola Data Profile*. Updated April 2007. <http://devdata.worldbank.org/external/CPProfile.asp?PTYPE=CP&CCODE=AGO >. Cited: 16 December 2007.

World Bank. Botswana *Data Profile*. Updated April 2007. <http://devdata.worldbank.org/external/CPProfile.asp?PTYPE=CP&CCODE=BWA>. Cited: 16 December 2007.

World Bank. *Botswana at a Glance*. Updated 28 September 2007. <http://devdata.worldbank.org/AAG/caf_aag.pdf>. Cited: 20 November 2007.

World Bank. *Cameroon Data Profile*. Updated April 2007. <http://devdata.worldbank.org/external/CPProfile.asp?PTYPE=CP&CCODE=CMR>. Cited: 16 December 2007.

World Bank. *Central African Republic at a Glance*. Updated 28 September 2007. <http://devdata.worldbank.org/AAG/car_aag.pdf>. Cited: 20 November 2007.

World Bank. *Central African Republic Data Profile*. Updated April 2007. <http://devdata.worldbank.org/external/CPProfile.asp?PTYPE=CP&CCODE=CAF >. Cited: 16 December 2007.

World Bank. *Chad Data Profile*. Updated April 2007. <http://devdata.worldbank.org/external/CPProfile.asp?PTYPE=CP&CCODE=TCD >. Cited: 16 December 2007.

World Bank. *Congo, Dem. Rep. Data Profile*. Updated April 2007. <http://devdata.worldbank.org/external/CPProfile.asp?PTYPE=CP&CCODE=ZAR>. Cited: 16 December 2007.

World Bank. *Congo, Rep. Data Profile*. Updated April 2007. <http://devdata.worldbank.org/external/CPProfile.asp?PTYPE=CP&CCODE=COG >. Cited: 16 December 2007.

World Bank. *Djibouti Data Profile*. Updated April 2007. <http://devdata.worldbank.org/external/CPProfile.asp?PTYPE=CP&CCODE=DJI>. Cited: 16 December 2007.

World Bank. *Equatorial Guinea Data Profile*. Updated April 2007. <http://devdata.worldbank.org/external/CPProfile.asp?PTYPE=CP&CCODE=GNQ>. Cited: 16 December 2007.

World Bank. *Gabon Data Profile*. Updated April 2007. <http://devdata.worldbank.org/external/CPProfile.asp?PTYPE=CP&CCODE=GAB>. Cited: 16 December 2007.

World Bank. *GNI per Capita, Atlas method and PPP*. Updated 14 September 2007.<http://siteresources.worldbank.org/DATASTATISTICS/Resources/GNIPC.pdf >.Cited: 16 December 2007.

World Bank. *Lesotho Data Profile*. Updated April 2007. <http://devdata.worldbank.org/external/CPProfile.asp?PTYPE=CP&CCODE=LSO>. Cited: 16 December 2007.

World Bank. *List of Economies*. Updated July 2007. <http://web.worldbank.org/WBSITE/EXTERNAL/DATASTATISTICS/0,,contentMDK:20421402~pagePK:64133150~piPK:64133175~theSitePK:239419,00.html. Cited: 16 December 2007.

World Bank. *Namibia Data Profile*. Updated April 2007. <http://devdata.worldbank.org/external/CPProfile.asp?PTYPE=CP&CCODE=NAM>. Cited: 16 December 2007.

World Bank. *South Africa Data Profile*. Updated April 2007. <http://devdata.worldbank.org/external/CPProfile.asp?PTYPE=CP&CCODE=ZAF>. Cited: 16 December 2007.

World Bank. *Sudan Data Profile*. Updated April 2007. <http://devdata.worldbank.org/external/CPProfile.asp?PTYPE=CP&CCODE=SDN>. Cited: 16 December 2007.

World Bank. *Swaziland Data Profile*. Updated April 2007. <http://devdata.worldbank.org/external/CPProfile.asp?PTYPE=CP&CCODE=SWZ>. Cited: 16 December 2007.

World Bank. *Zimbabwe Data Profile*. Updated April 2007. <http://devdata.worldbank.org/external/CPProfile.asp?PTYPE=CP&CCODE=ZWE>. Cited: 16 December 2007.

World Health Organization. *Botswana HIV/AIDS Estimates 2005*. <http://www.who.int/globalatlas/includeFiles/generalIncludeFiles/listInstances.asp>. Cited: 27 November 2007.

World Health Organization. *Central African Republic HIV/AIDS Estimates 2005*. <http://www.who.int/globalatlas/includeFiles/generalIncludeFiles/listInstances.asp>. Cited: 28 November 2007.